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COIN LABEL
ACCOUNT SYSTEM
FOR
FACILITATING ACCOUNTS
WITH
INTRODUCTORY ESSAY
by
J. W. Margetts.

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COIN LABEL ACCOUNT SYSTEM

FOR FACILITATING ACCOUNTS.

"UNDER HER MAJESTY'S LETTERS PATENT."

PART I.,

FOR INDUSTRIAL ASSOCIATIONS, PENNY BANKS, &c.,

CONTAINS

SPECIMEN LEAVES OF MEMBER'S PASS BOOK, AND SET OF
ACCOUNT FORMS;

WITH

INTRODUCTORY ESSAY.

BY

J. W. MARGETTS.



London:

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1879.

232 . e . 487.

COIN LABEL ACCOUNT SYSTEM

FOR FACILITATING ACCOUNTS.

(UNDER HER MAJESTY'S LETTERS PATENT.)

INTRODUCTORY ESSAY.

THE object of the proposed scheme, called the "Coin Label System of Accounts," is to shorten the process by which money is received and paid at Industrial Banks and other institutions, and also to prevent fraud on the part of agents. The system proposed shows a simple method of entering and checking amounts at the central office of a company having numerous branches or agencies, and renders it possible for thousands of small sums to be received and paid away at a minimum amount of expense. Further, it has the advantage of being a complete safeguard against fraud on the part of any agent or collector. The system is one particularly adapted to the wants of the thrifty portion of the industrial community who may have accumulated small savings. By lessening the expenses attendant on banking accounts, it would, in point of fact, enable depositors of small amounts to have quite the same privileges that the more wealthy now enjoy.

The enormous business conducted by our Joint-Stock Banks is one of the most notable features of the present age. The amount deposited on credit account at the different banks is immense. Many of our leading London banks have over one hundred thousand depositors, the average amount to the credit of each depositor being about £220.

Joint-
Stock
Banks.

DEPOSITS ON DRAWING ACCOUNT FROM RETURNS OF
SOME OF THE LONDON BANKS.

London and Westminster .	...	...	£26,763,364
London and County	...	...	23,271,605
National Provincial	...	...	27,259,282
London Joint-Stock	...	...	14,680,863
Union Bank	...	...	12,544,019

As regards Scotch banks and Irish banks, both of which have certain note-issuing privileges, the amounts on deposit have been set down at ninety millions and fifty millions respectively, while the total banking liability of the United Kingdom has been variously estimated from five hundred to one thousand millions. The security enjoyed by depositors in unlimited Joint-Stock Banks rests on the fact that shareholders are liable to them for every penny of their money, and that both they and the shareholders are protected from fraud by an elaborate double entry system of accounts, which certainly tends to make fraud or misappropriation difficult and dangerous. But these banks are only used by the comparatively wealthy. Even in Scotland, where small deposits on current account are received to a much larger extent than in England, only fifteen per cent. of the whole number of accounts show balances of less than £100. It is obvious that large balances, involving thousands of pounds, could be managed with the same labour as those of a similar number of shillings or pence, while the former would be very much more profitable. It has been accordingly the practice of large banks to discard or discourage small accounts. The would-be depositor of a small amount is thus driven to avail himself of the limited privileges offered by our system

of savings banks; but even savings banks have a line as to the amount of the deposit they are enabled to receive, and as the experience of most managers is that a bank loses on small transactions, the lowest sum received is fixed at one shilling, in order to lessen the number of transactions entailing a loss. On the other hand, thirty pounds is the maximum amount of deposit allowed for the year, and beyond this sum no deposit is taken. With such restrictions, it cannot be said that these institutions, extensively as they are used, adequately fulfil the wants of the age. Take, for instance, the case of a workman who receives a legacy of sixty or seventy pounds, paid over to him perhaps by some industrial assurance, building, or friendly society, or, it may be, the result of many years' subscriptions. This man would hardly know where to deposit such a sum in a place of security. His first idea might be to take it to a Trustees' or Post Office Savings Bank. There they would tell him they could only receive to the extent of thirty pounds. He would not care to walk into one of our grand London or provincial banks, even should the bankers be condescending enough to receive an account entailing the trouble caused by withdrawals of fifteen shillings or one pound weekly. There are also many cases in which depositors would wish to save more than thirty pounds in one year; and not a few would commence their savings by putting in amounts below one shilling. It would, from a national point of view, be desirable that the minimum amount of deposit taken should be fixed at one penny, instead of, as in the cases of Trustees' and Post Office Savings Banks, at one shilling. The old saying, "Take care of the pence, and the shillings and pounds will take care of themselves," is a trite one;

and the habit of saving money, like other good habits, cannot be commenced too early in life. It is mostly children who deposit their pennies ; and the statistics of existing Penny Banks show that individuals commencing savings by deposits below one shilling often become in the end the bank's best and most permanent customers. As regards those Penny Banks, in connection with existing banks, conducted *con amore* without regard to profit and loss, there can be no doubt they do a vast amount of good ; and if conducted on the "Coin Label System," the trouble involved would be next to nothing, while each deposit account could be understood by the most ignorant.

But, putting aside the benevolent aspect of the question, it is sought to show how this system would enable any suitable institution adopting it to command commercial success.

It is only necessary to glance at existing systems in operation to see what an immense amount of time, labour, and expense would be saved by any industrial bank or society taking it up.

Savings
Banks.

Savings banks may be divided into three classes :—

- I. Trustees' Savings Banks.
- II. Post Office Savings Banks.
- III. Penny Banks.

Trustees'
Savings
Banks.

I. Trustees' Savings Banks have the largest capital, amounting to over £46,000,000, managed at a cost of £150,000, or 6s. 8d. per cent. The system of accounts in operation at the various Trustees' Banks, having been devised by different actuaries, necessarily present some features of difference. Every actuary or manager naturally prefers his own system ; but on one point all are unanimous who have ever given evidence on the subject—namely, that, to secure perfect safety

from fraud, and to provide a thoroughly efficient check, the services of four individuals are absolutely necessary. The following is an illustration of the system:—

1. In the case of a new account, the person opening it must sign a declaration, in which is specified a catalogue of conditions, all of which must be observed by the depositor, on pain of forfeiting his balance.

2. This being done, the depositor about to lodge money must hand his pass book to the entering clerk, who enters therein the date and sum to be deposited.

3. The pass book is handed next to the book-keeping department, where an accountant or his clerk posts the sum from the pass book into the ledger.

4. As evidence that the posting has been made, the accountant initials the pass book.

5. The amount of interest due up to the end of the financial year is then credited by the same clerk.

6. The pass book is handed to the cash book keeper, who enters the name, number, and amount into the cash book.

7. The pass book now leaves the book-keeping department, and is handed to a teller, who enters the number and amount into his own special book.

8. The depositor is then called up by the teller; and the amount of deposit is received.

This ends operations, so far as the immediate receipt of the deposit is concerned. Afterwards follows:—

9. Examination of books next day by the official auditors, and the balance struck.

10. Weekly or monthly examination by trustees.

11. Annual examination by trustees.

ANOTHER SYSTEM.

1. In the case of a new account, the intending depositor is introduced into a private office, where a clerk takes his declaration, as before described, description, age, place of birth, and his mother's maiden name.

2. The account being opened, the clerk No. 2 writes in the amount deposited, in words and figures, in the pass book, and receives the money.

3. The pass book and money are handed to the chief cashier, who jots down the number and the amount (not the name) in a column in his check book, and signs the book; at the same time putting the money deposited into a drawer.

4. The pass book is then taken by a ledger clerk, who posts from it the amount into a ledger, and makes marginal calculation of prospective interest.

5. The same ledger clerk adds his initials to the ledger.

6. The cash book keeper then takes the pass book and enters the number, name, and amount into his book, adding his initials.

N.B. Under this system the depositor's pass book is initialled by the cashier, ledger clerk, and cash book keeper.

7. Monthly examination by auditors of every cash transaction between the depositors and the trustees, and between the trustees and the treasurer.

Aggregate of each day's cash transactions examined, the amount of cash books added, cash payments for expenses, and posting in general ledger

examined, and the whole transactions epitomised by a system of double entry.

The process as regards withdrawals of money takes the same amount of time and employs four persons.

It is easy to understand why actuaries regard four persons necessary. Collusion and fraud would not only be possible, but easy, in cases in which two persons only were employed; and this practically happened in the case of the Rochdale Bank, where £37,000 was embezzled. And if three persons be employed, No. 1, who takes the money, might be in collusion with No. 2, who checks it, while No. 3 might be incapable or incompetent, or under the influence of, say, No. 2; but where an additional check is instituted by employing No. 4, any collusion would be the more improbable, especially with an independent audit next day. The Trustees' Banks, not having sufficient work to employ four persons on daily attendance, have now been generally closed, and their business transferred to the Post Office Savings Bank. The Coin Label System demonstrates the possibility of employing only one person where hitherto four have been considered necessary, not only to do the work, but to ensure security. It is anticipated that the number of deposits will be greatly increased under this new system, and any savings bank will be enabled to receive deposits from one penny through any agency; while, as both deposit and withdrawal process are so simple, the most ignorant can understand them. At the present time, under their system, it is plain, from the above illustration, that these Trustees' Banks cannot employ collecting agents so as to maintain any check on their transactions, and are thus limited in their business to their one head office; unless, indeed, their branches have sufficient business to employ four or more per-

Coin
Label
System
requires
One Clerk
instead of
Four.

sons, in which case alone can safety from fraud be reckoned upon.

Post
Office
Savings
Banks.

II. The Post Office Savings Bank has, according to a recent return, a capital of £28,000,000. The cost of management is about £150,000, which would include what is omitted in the official estimate—namely, the charge for postage of about seven millions of sealed documents yearly, reckoning each document to cost rather less than the usual rate of postage. Broadly speaking, the twenty-eight millions capital of the Post Office costs, under the system sanctioned by Act of Parliament, about the same for management as does the £46,000,000 of the Trustees' Banks. The depositors of the former get interest at the rate of two and a half per cent., while those of the latter have nearly three. On the other hand, the depositors to the Post Office Savings Bank have the advantage of depositing and withdrawing money at any Post Office in the United Kingdom.

The following is a brief capitulation of the clerical and other labour performed under the Post Office Savings Bank system:—

As regards the depositor—

(a) He is required to sign a stringent declaration, binding himself to certain regulations, before his account is opened.

(b) He is required to fill up and sign a notice of withdrawal, to wait the receipt of the corresponding warrant for payment, to present this warrant at a time of day which must often entail a loss of work and time, and to sign it in presence of the postmaster. It is needless to observe the filling up of such notices is a matter of difficulty to ignorant working men, and the delay and correspondence arising therefrom must tend to make the system unpopular.

As regards the agent, or postmaster. For every entry made in a depositor's book, whether deposit or withdrawal, a corresponding one has to be made on the postmaster's account, besides also the particulars of depositor's book, name and address, and in withdrawals the number of such withdrawal, and amount (address being omitted).

This account has to be forwarded by the postmaster, with the declarations, paid warrants, and advices, to the chief office every day.

The arrangements at the chief office necessitate :—

1. A deposit branch, in which acknowledgments for all amounts deposited are written from the account, directed, folded up, and sent from the chief office daily, by post.
2. A daily balance section, in which these acknowledgments are proved in the gross, to balance with the postmaster's accounts.
3. A book-keeper's branch, in which the amounts deposited are entered to the separate accounts of each particular depositor, and in which also every withdrawal is entered in the same manner.
4. An examiner's branch, in which the signature to every notice of withdrawal received is compared with the corresponding declaration made when the account was opened, and in which every warrant, after having been issued in the book-keeper's branch, is examined.
5. An error department, for the adjustment of errors made.
6. A correspondence branch, for the dealing with letters received, and which comprise, amongst others, special duties devoted to the treatment of accounts of minors under seven years of age and deceased depositors.

In addition to this, all the amounts entered to the separate accounts are again gone through seven times.

Firstly, every quarter; and the amounts extracted into a summary ledger and proved with the post-master's accounts for a similar period.

Secondly, whenever the depositor sends up his book for examination at the end of a year, or at any other time, the book is required or received by the department.

Thirdly, the books are gone through for computation of interest and balancing the account.

Fourthly, they are gone through for extracting interest and balances into a second or summary ledger.

Fifthly, for extracting balances of previous year into a new summary ledger, each of these summary ledgers lasting only one year.

Sixthly, from first summary ledgers the totals of numbers and amounts at offices are carried to a second summary ledger.

Seventhly, and lastly, the totals of numbers and amounts of deposits and withdrawals are carried from the aforesaid second summary ledgers into a special set of books.

As regards the cross entry system of the department, by which is understood a plan whereby deposits and withdrawals can be made at an office or agency other than that at which an account was first opened, this involves a large clerical staff, and is necessarily of a somewhat complicated nature, though, no doubt, of considerable convenience to the public. Besides the large staff of clerks, technically called the major establishment, engaged in purely clerical duties, there are employed a great number of sorters and messengers, who form what is called a minor establishment. The duties consist of:—

1. Folding up, fastening, and sending off by post acknowledgments for deposits, amounting to thousands daily.

2. Sending off by post warrants daily for amounts to be paid to depositors, also amounting to thousands daily.

3. Ditto advices of the same to postmasters.

4. Returning depositors' books to depositors.

5. Sorting away declarations and various duties connected with keeping the millions of documents necessary for the business of the department.

The wear and tear entailed on the ledgers by the daily references to them, and their constant filling up, render it necessary to re-copy them every five years. All this mass of work, which the system, inaugurated by Act of Parliament, entails on this department is performed at the cost of sixpence and nine-tenths of a penny for each transaction, a sum which cannot be deemed excessive for the work done, though it is open to a question whether the savings of the country could not be collected with considerably less labour by the introduction of another system.

III. The institutions which could fill the void left vacant by the other savings banks are the Penny Banks, but they are not sufficiently numerous, in consequence of the want of some suitable and economical plan of collection and repayment. By Penny Banks it is not meant those small hybrid affairs existing in connection with the present savings banks, in which deposits are limited to a maximum total amount of five pounds, and which are usually managed by some benevolent person. No doubt such small concerns are beneficial in their way; but, without any disparagement to them, it is not too much to say that some-

Penny
Banks.

thing more is required by an increasingly numerous, and often very independent, industrial class. The Penny Bank proper is one which takes deposits from one penny and upwards, no limit being placed as to amount. Withdrawals are, as far as possible, paid at sight. Amongst the most notable of these institutions are the Yorkshire Penny Bank and the National Penny Bank, Oxford Street, London. The Yorkshire Penny Bank, founded in 1859 by Mr. E. Akroyd, M.P., has 487 branches in the county of York. The amount standing to the credit of depositors at the end of 1876 was £811,685, an increase of £158,573 during the year. The Bank has accumulated a large reserve fund; besides this, the depositors are further secured by a list of wealthy guarantors, each of whom is held legally and severally liable for stipulated amounts. The benefit conferred upon the poorer classes of Yorkshire by this Bank, with its 487 branches, is incalculable. The good work of the Bank has been facilitated by the noble exertions of a devoted band of actuaries, and also by the direct personal influence of many deservedly popular county gentlemen. The poor and the rich have been brought together, as it were, on the same platform, and this has been beneficial to both in promoting good feeling, and in lessening the growing estrangement which springs up between the two classes. Many originally poor depositors have gradually worked their way to positions of comfort and independence, and have acknowledged with gratitude the kindness and cheering influence of the various managers or trustees with whom they have come in contact. Such results could never arise under the cooling regulations of an official State-managed institution. Nor should it be a matter of indifference to a local association that its funds be absorbed by the

State, instead of finding their way, as they naturally would, into local channels.

Is it not somewhat of an anomaly that tax-payers should, through their local authorities, borrow money at four and a half per cent. for town improvements, and at the same time lend their money, which they have invested in their savings banks, to the State at two and a half? It is very well to have thorough security for money invested; but can we not have security under private management, with a modified plan of State inspection? The same argument, used in favour of State management in the case of the poor man's bank, would hold good also in respect to the rich man's. The suffering caused by the failure of the City of Glasgow Bank was intensified to the unfortunate victims by the previous position of comfort in which they had lived; and it could possibly be shown that advantages would accrue if the State took also the management of joint-stock banks, so as likewise to secure them, as well as savings banks, from failure.

To go a step further, it might be shown that the State management of bakeries might prevent the adulteration of bread, or that other industries could also be better managed by the State. The holders of such opinions omit from their calculations the fact that any loss in a State-managed business must ultimately fall on the tax-payers at large. The high sense of honour existing amongst our public men and high officials is, no doubt, an ample guarantee against any misappropriation; at the same time, as banks like the Yorkshire are constructed on thoroughly sound and safe principles, and are managed at a profit, besides possessing many advantages which State-managed institutions cannot possess, it must be desirable that such Banks should continue to exist, as now, side by

side with those under Government control. Their popularity is admitted, and the want of them is felt; and the adoption of the "Coin Label System of Accounts" would enable the promoters of a new undertaking to ensure commercial success, as well as benefiting the public.

The National Penny Bank, 269, Oxford Street, London, founded by Mr. G. C. T. Bartley, is an instance of the immediate public approval which greets the establishment of these institutions. Notwithstanding the large number of ordinary savings banks in London, the seventy-three branches of the National Penny Bank are thronged nightly with depositors of both sexes and all ages, who meet with as much civility and attention as the clients of any wealthy bank corporation. The amount of deposits in this Bank have rapidly increased during the three years of its establishment from £5,000 to nearly £70,000, and numerous are the influential patrons and shareholders interested in the undertaking.

It is now proposed to explain the system by which such banks and other associations could be managed with the minimum of expense.

System
Explained

All persons, even the most ignorant, understand the value of the coins of the country in which they live, and if an exact representation on paper of a penny were seen, it would certainly be at once recognised by everyone. One of the leading features of this system is the having paper labels or stamps made which shall be pictures or representations of coins, and which shall have on their margin the name of the

association issuing them, with such further devices or engravings to prevent imitation as may be considered desirable. These paper labels shall be given in exchange by an association adopting this system to any member paying in money. Thus, if a person pays in one penny, a label representing one penny shall be gummed in or inserted in that person's pass book; if one shilling be paid in, a label representing one shilling shall be inserted, and so on with all coins under a pound.

Paying in
Money.

If one pound be deposited, or if the accumulated savings amount to one pound, a coin label note of either large or small size for one pound shall be gummed or inserted in the pass book, and a duplicate of such coin label note shall be forwarded to the chief office.

Labels shall be made either by a company formed for the purpose, or at the chief office of any association adopting this system. The coin label note on which the one pound coin label is fixed can be lithographed.

It is obligatory that the labels shall clearly show the amount of money they represent; but in other respects they can be made in such a way, and with such devices, as directors or managers of the company or association deem advisable. (See Specimen.)

A person withdrawing money must present his pass book to an agent, who would take out the label or labels representing the amount required to be withdrawn, thus:—If one penny be required to be withdrawn, a label representing one penny would be taken out; if threepence, a label representing a threepenny piece would be taken out; if one shilling, a shilling label would be taken out; and so on, with all amounts up to one pound.

With-
drawing
Money.

If it were required that a pound should be withdrawn, a label for one pound, together with the note

on which it is affixed, would be taken out, and the interest, if any, would be allowed. All persons withdrawing money must write their names and addresses on the agent sheet, unless unable to write, in which case their attested marks must be fixed.

Account
Forms
required
to work
System.

The account forms required to work the system are only six in number, and consist of:—

Form A, used by agent to record deposits received each day. This form is written in duplicate, which duplicate is retained by the agent for reference. The original is forwarded daily to the head office and filed.

Form B, used by agent to record re-payments made each day. On the back of this form is stated the total of the coin labels cut out from the members' pass books each day. All these coin labels are forwarded daily with Form B to the head office, where they are marked off as paid in the spaces allotted on Form A.

Form C, used by the agent for both his daily coin labels account, and cash account, having a space on the back for specifying descriptions of cash in hand.

Form D, a monthly record of agents' transactions, compiled at the chief office, as follows:—

1st. From the actual duplicates of coin label notes in chief office.

2nd. From the returns of labels issued.

And 3rd. From the actual notes and labels paid.

Form E, yearly record of agents' transactions.

Form F, one pound label record. The object of this form of account is to reckon up the interest paid or remaining due by an association at the end of each month or year; and by this means the use of ledgers for entering the separate accounts of individual depositors is entirely superseded. All coin label notes are of the uniform value of one pound, and when they are paid at an agency they are forwarded by the agent to the chief office,

where they are collected and entered on this sheet under their respective dates of payment. The interest on them is also entered in the proper column.

The duplicates of one pound label notes issued, which the agents forward to the chief office, together with the current interest on them, are also entered on this sheet, and the difference between the number and amount of the paid notes and the duplicates gives the total of the unpaid originals, with their interest—in other words, enables the association to ascertain the amount of interest due to members at any given time.

The machine press for making the labels is intended to be of moderate cost, and to be self-registering as to the number of labels turned out daily. Each association adopting the system, and requiring a machine press, must state the size, design, and number of dies required, for an estimate of price to be forwarded.

Machine
Press for
making
Labels.

It has hitherto been considered necessary to have separate accounts for each individual member in associations receiving and paying money. This imagined necessity has acted as a great obstacle to the spread of industrial societies inculcating thrift in this country. The labour and expense of keeping these individual accounts, ranging from one penny upwards, was sufficient to deter the formation of industrial enterprises in localities in which they might have been beneficial. The proposed system, by abolishing separate accounts, and making agents responsible for the coin labels with which they are supplied, combines the two essentials most requisite to the success of industrial banks—viz., security and cheapness.

The Sys-
tem does
away with
the Neces-
sity for
Separate
Individual
Accounts.

Size and
Shape of
Pass
Book.

The book of specimens is intended as a kind of pattern of the shape and size it is proposed that a pass book should be; but, of course, the system could be worked with a pass book of whatever shape would suit the convenience of the different associations adopting it.

Advertise-
ments in
Pass
Books.

It has been thought advisable to add to the system a plan of advertisements in pass books. It is well known that the advertisements in railway guides and other largely circulated works bring to their owners much additional income. It is confidently anticipated that this would also be the case with members' pass books. Say an association has twenty thousand members, each of whom has to be supplied with a pass book. Advertisements put in by tradesmen, life insurance offices, and others; appealing to the thrifty portion of the community, would have the certainty of attracting the notice of the thousands of members forming the association, all of whom would possess more or less money. It is therefore proposed that tenders for advertisements be invited for every five, ten, or twenty thousand books issued in each particular district. This would be a source of revenue to an association, and enable them to issue a pass book of a superior quality, and much stronger than those now used by the existing friendly societies, savings banks, &c. When books of a flimsy character are issued to a rough class of navvies, miners, or labourers, they stand more chance of being doubled up, defaced, or destroyed, and giving trouble to an association, than if made as strong and durable as this method would enable them to be.

Accumu-
lation of
Old
Accounts
prevented.

To prevent the accumulation of filed A forms at the chief office, and of their duplicates at agencies, it is proposed to re-issue pass books and labels to members whose accounts have been in existence five years, the old ones being cancelled. Such accounts form but a

small per-centage of the whole, and the issue of pass books, owing to the advertisements, would not be attended with expense. Lost pass book cases would be dealt with under a plan specially adapted to the system.

Collections could be made for an association by means of properly authorised canvassers, who could call at the houses of the various members, and thus, at the same time, not only save the members the trouble of attendance at the central office, but, on the part of the association, secure regularity of payment if for friendly societies, and more frequent deposits in the case of industrial banks. Much house and agents' office rent could be saved, as each canvasser could be supplied with a stock of labels, also with forms of account, precisely in the same way as an agent, and the same check system would be applicable to both. The canvasser would have a stock of pass books, and would be able to open fresh accounts. His periodical visits would perhaps be hailed by the members with the welcome accorded to the postman with the letters. Such times as Saturday night, after payment of wages, could be fixed for the duties of the canvasser, and thus much money might find its way into a bank or industrial association which would otherwise be spent in drink.

The plan of taking deposits and paying withdrawals at offices other than those at which an account was first opened, is one which is in practice at the Post Office Savings Bank. It is intended also that such associations as adopt this system shall also be able to add this method to it, though, of course, it is open to any association adopting the system to leave it out, as many authorities consider it adds to management expenses without encouraging thrift.

Canvassing System.

Cross Entry System of Post Office Savings Banks.

Defect
in Post
Office
Method.

Amongst the defects of the Post Office method is their system of carrying to account the cross entry withdrawals and deposits. A person opening an account in a country village, and subsequently removing to Liverpool or Manchester, would continue to have his deposits or withdrawals placed to the credit of that country village, which would somewhat illogically have the credit of all subsequent savings, notwithstanding that these savings were effected at Liverpool or Manchester; and in the same way occupants of towns removing to the country would have their accounts dealt with. Under the proposed system, the savings will be placed to the credit of the place in which they were saved.

When members withdraw money at a place different to the one in which the account was first opened, the operation is attended with some little risk under the Post Office system. Forgeries and embezzlements have occasionally taken place.

Improve-
ment on
Post
Office
Method.

In order to avoid this risk, it is proposed to supply such members as desire it with a form, authorising them to obtain a withdrawal of money; and this form shall be kept in a sealed envelope, fixed to the pass book in such a way that it must be torn in order to be opened. If, when presented to the agent for payment, it is found either opened or torn, the agent shall be entitled to refuse payment. Such a rule would guard the interests of the members in the event of their pass book falling into strange hands. (See Specimen.)

SECURITY WHICH THE SYSTEM OFFERS AGAINST FORGERIES OR FRAUDS OF DIFFERENT KINDS.

An agent suspecting a forgery can ascertain whether his suspicions are correct, by a reference to his deposit record of the date specified on the coin label note

or label presented to him for withdrawal. Suppose that a person made an imitation label for ten shillings, and forged the initials of the issuing agent thereto. To make the matter complete, in order to obtain the money, the forger would be compelled to make two date stamps, giving some imaginary date (say Oct. 1st) to be appended to the pass book. If the pass book were not his own in which the forgery was made, he would be extremely unlikely to imagine the name of the person to whom it belonged, and unless he could perform this feat payment would be refused. But suppose the book were his own, or that he knew the name to be John Brown, the agent would discover the forgery by reference to his duplicate deposit account for October 1st, which would show that no such label was issued to John Brown on that date. And should the forgery remain undetected by the agent, it would certainly be discovered at the central office of the association, on fixing the date of payment against the entry of the deposit on the original account.

Method
by which
Agents
can dis-
cover
Forged
Labels on
Notes on
Presenta-
tion.

Every agent accounts daily to the association for all labels in his hands, and must show an equivalent amount of cash for such as are disposed of by him. Attempts at forging labels on the part of a dishonest agent would be discovered at the periodical examination of the agent's stock of labels, such examination taking place daily, weekly, or monthly, according to arrangement.

Checks
which the
System
imposes
on Agents
them-
selves.

An additional security against embezzlement consists in the fact that, individual accounts being abolished, it is a very difficult thing for a dishonest *employé* to ascertain at once the state of any member's account, should he have any design of embezzling; and no doubt members themselves would consider it an advantage that their accounts should not be open

Security
against
Embez-
zlements
at Chief
Office.

System
suitable to
an endless
variety of
Institu-
tions.

to the inspection of some score of junior clerks at a central office.

To point out the various ways in which a system like the present is applicable, would be an endless task. We can but indicate a few.

Suitable
for Go-
vernment
Use.

For Government use, in a variety of ways, such a system would be applicable. Steps have been taken to secure the registration of this system in foreign countries—notably in France, Germany, Italy, and the United States—as the system would be admirably adapted for the forming of Government Savings Banks in each and all of these countries; and the foreign Government adopting it would necessarily make the labels to correspond to the patterns of its existing coinage, or the system could be introduced at once by using postage labels.

Corpora-
tion
Banks.

The corporation of a town, requiring to borrow money for improvements, could use the system for the purpose of founding a local bank.

Offices
and Firms
employing
numerous
Agents.

The system would be specially useful to all industrial life assurance offices, friendly societies, and other institutions and firms requiring the services of numerous agents, and receiving and paying away daily numerous sums of money to various members.

Joint
Stock and
Private
Banks.

Joint-stock and private banks could use the system. A small one pound label, similar to the specimen shown, could be used. These labels run five to a page, so each page represents a five pound note, and a banker's assistant could easily count off and insert in the pass book as many pages as are required, in the event of large sums being deposited. A person depositing fifty pounds would have ten of these acknowledgment notes inserted in his pass book; if he withdrew, say, four pounds ten shillings and sixpence, five one pound acknowledgment notes would be extracted from

his pass book, and the change in labels, nine shillings and sixpence, would be inserted.

Co-operative societies would find this system useful in facilitating the keeping of deposit accounts of members. The expense of Post Office orders for remittances could be saved by the sending instead thereof the labels of the association.

Co-operative
Societies.

Charitable and benevolent societies would find the system beneficial. Labels could be supplied by any bank or association, conducted on this system, to charitable and benevolent societies, in order that the collections for these societies should be safely and properly made.

Charitable and
Benevolent
Societies.

Clergymen could also make use of the system with advantage. The trouble to which so many Rectors and Vicars are put in carrying out various benevolent objects, such as coal clubs, and blanket clubs, would be infinitely lessened by their putting themselves into communication with an association conducted on this system. A clergyman could be provided by the association with pass books and labels.

Useful
to the
Clergy.

The interest given by the association could be three per cent., while two and a half might be allowed by the clergyman to his parishioners; thus a small surplus would be available to meet the costs of collection, which, under the proposed simple system, could be easily undertaken by any intelligent youth without previous experience.

A great desideratum in the military and naval services is the want of regimental and naval savings banks. Soldiers with their regiments squander their money at the military canteen, and sailors ashore in a foreign clime too often get cozened out of their hard earnings; and this might not happen had they a place where they could deposit their money. Many philanthropic officers

To Military and
Naval
Services.

have organised regimental savings banks; but it is too much to expect this bright example to be universally followed until an easy system of accounts is introduced. Under the proposed system, a steady-going non-commissioned officer in either service, or a junior mate in the merchant service, could easily undertake a duty which need not take up more than one hour once a week; and the bonus of one-half per cent. could be given him for the trouble. Such a regulation introduced into our military and naval services would, it is thought, be extremely popular, besides encouraging thrift. The labels for the use of the services might be suitably embossed, and the coin placed upon a miniature Union Jack or Blue Peter, or such other device as might suit the ideas of our gallant soldiers and Jack-tars.

Em-
ployers of
Labour
and their
Workmen

Employers of labour could use the system to gain the confidence of their *employés*, and thus, in an indirect way, the system might act as a preventive to strikes. The head of a large firm, employing hundreds of workmen, could be supplied with labels, and he or his representative might act as collector at certain specified times. The workmen, seeing their capitalist master engaged in the good work of trying to make them (the workmen) capitalists also, would think twice before they banded together to effect a strike against so disinterested a man, and probably would not care to sacrifice their present savings for such problematical advantages as a strike might confer.

To
Schools.

The system would be suitable to School Board and other schools, and would no doubt help to increase thrifty habits amongst the pupils.

Such, in short, are some of the many ways in which this system could be used, and we have no hesitation in placing it before the public.

Annexed are the Specimen Pages
of the Member's Pass Book
and the Forms of Account.

Counterfoil intended for Date Stamps of Deposits and Withdrawals,
for Member's reference when amounts are withdrawn.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.





Counterfoil intended for Date Stamps of Deposits and Withdrawals,
for Member's reference when amounts are withdrawn.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.



FOR ADVERTISERS.

Counterfoil intended for Date Stamps of Deposits and Withdrawals,
for Member's reference when amounts are withdrawn.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.





FOR ADVERTISEMENTS.



No.

Aberdeen,

18



AGENCY N^o ACCOUNT N^o



On behalf of the NATIONAL SAVINGS BANK COMPY
I acknowledge to have received from the Depositor in
the above described account THE SUM OF

ONE POUND



AGENT,
NATIONAL SAVINGS BANK COMPY

FOR ADVERTISERS.

Counterfoil intended for Date Stamps of Deposits and Withdrawals,
for Member's reference when amounts are withdrawn.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.

These Spaces intended for Date
Stamps of Deposits and With-
drawals.



N^o

Agency N^o

Acc^t N^o

Received from Depositor
on behalf of

The Sum of

ONE POUND



N^o

Agency N^o

Acc^t N^o

Received from Depositor
on behalf of

The Sum of

ONE POUND



N^o

Agency N^o

Acc^t N^o

Received from Depositor
on behalf of

The Sum of

ONE POUND



N^o

Agency N^o

Acc^t N^o

Received from Depositor
on behalf of

The Sum of

ONE POUND



N^o

Agency N^o

Acc^t N^o

Received from Depositor
on behalf of

The Sum of

ONE POUND







).

13

M N Ag	of Member, or Bearer of Order and Book.	Initials of Agent comparing Signature.
	<p><i>Signature of Agent.</i></p>	

TOTAL.

• £ s. d.

_____18_____.

C

Hand carried to next account—

[illegible][illegible]

statement of Withdrawals (No.)
.
ed to Chief Office this day	..	..
and carried to next account	..	..

[illegible]

D

[illegible]

At, and *previously debited* against him, being used, it follows, therefore

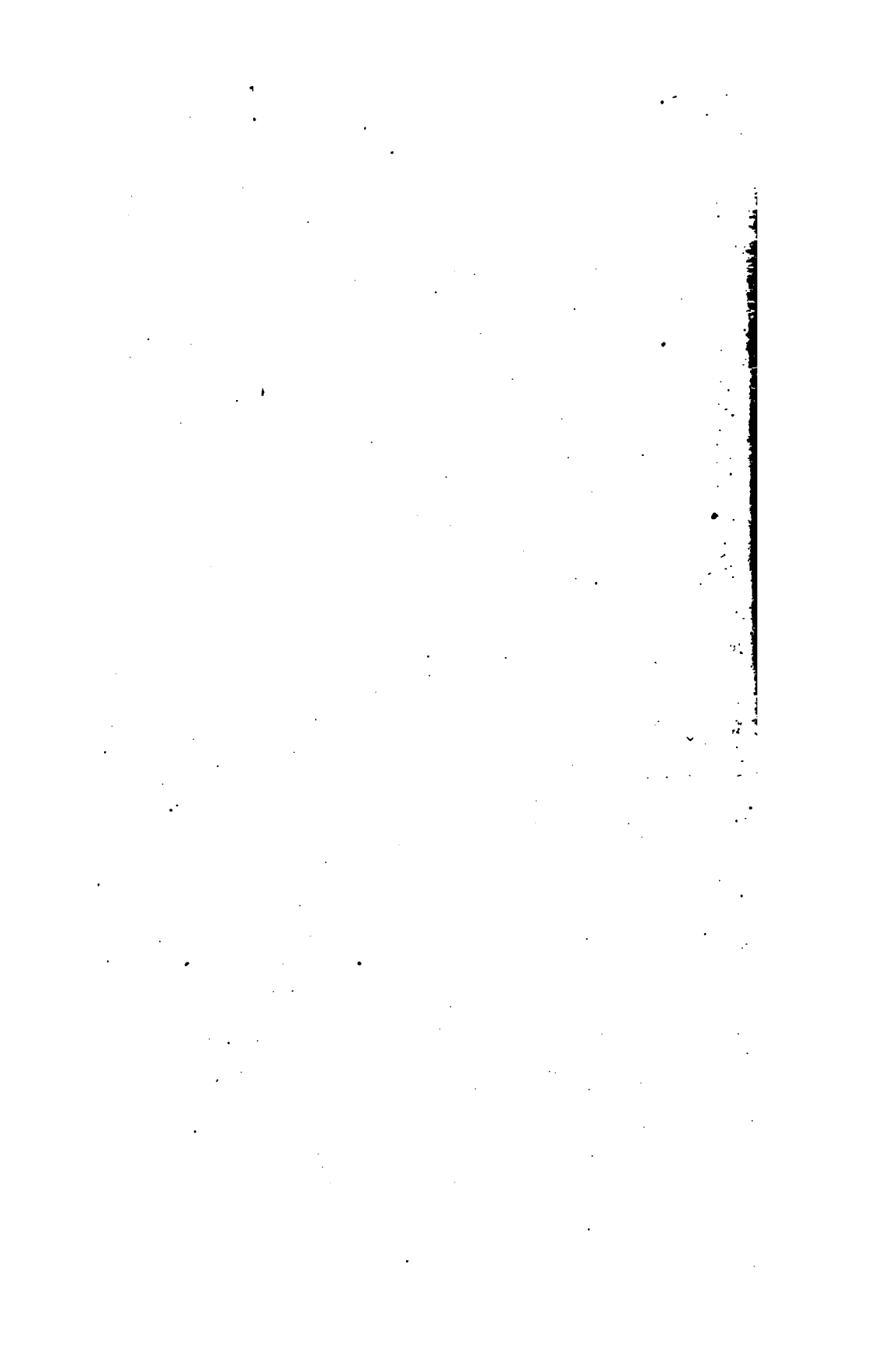
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E

	LS PAID.		Interest.	Total.		Balance.	
	No.	Of £1. Amount.		No.	Amount.	No.	Amount.
Brought previo							
January							
February							
March .							
April...							
May							
June							
July							
August ..							
Septemb							
October							
Novembe							
Decembe							

from the One Pound Label Record.

with Monthly Record of Agents' Transactions.



[illegible]

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Shops *versus* Co-operative Stores.

Short Sketch, showing

How local Tradesmen can increase the capital at their command.

How they can ensure customers, and how the customers themselves can benefit.

It is well known that the Committees of Co-operative Stores receive deposits from their customers amounting in the aggregate to large sums on which no interest whatever is paid. The fund at their disposal for purchasing in the market is therefore very large, and enables them to sell very cheaply. This fund is placed at the disposal of the committees of these stores by their customers for their own convenience in order that the expense of Post Office Orders and Cheques may be obviated.

Now suppose that Mr. Brown, a grocer, had at his disposal a fund of this kind, on which he paid no interest; would he not also be able to sell very cheaply? Say he commenced business with a capital of £1,000, and his 300 customers were kind enough to lend him on an average £10 a piece, without interest and take the value out in groceries from time to time, still continuing their loans. Mr. Brown would be able to do business on the basis of a capital of £4,000, instead of £1,000 and could afford to sell at a very low margin of profit. This illustrates one of the advantages co-operative stores possess. But it is quite evident that the customers of Mr. Brown, grocer, would never think of entrusting £10 each to his individual charge, although as regards the stores the customers do what is practically the same thing. What customers will not do for Mr. Brown *solus*, they will do for Mr. Brown in a collective capacity; therefore to enable Mr. Brown to increase his capital by this means he would have to join a properly organised legal committee.

Such committee to consist of gentlemen and tradesmen.

Each trade, such as grocery, ironmongery, stationery, &c., must have on the committee at least one representative possessing his own separate shop. The accounts to be kept on the Coin Label system, and each representative to act as agent, being supplied with coin labels and forms A, B and C, for the purpose of carrying to account the deposits or savings of customers wishing to keep balances. The business of the agency need not interfere with the tradesman's other business. Coin labels withdrawn from customers pass books to be paid as far as possible in goods or provisions and at the shops of any member of the committee, according to the published current price list.

Interest on the customers balances allowed at the rate of ten or fifteen per cent according to time of deposit. Such interest payable only in goods or provisions at the shops of any members of the committee. No interest allowed in cash

Accounts being kept on the Coin Label system the balances of cash and labels would be forwarded every day to head quarters, where the cash collected would be apportioned to the different traders on the committee for investment in their respective businesses.

The above plan carried out carefully as regards details would enable tradesmen to compete against co-operative stores on more even terms.

There can be no reason why a legalized committee of local tradesmen and others should not receive deposits from their customers, in the same way, as a committee of the co-operative stores. The public would naturally prefer to deposit with the committee, who offered the most advantage, and if a trade committee offered a handsome interest by way of bonus in the shape of goods it would draw the customers balances to their quarters, and thus enable tradesmen to increase their capital, ensure their customers, and defy co-operative societies.



